



ANNUAL STATEMENT

For the Year Ended December 31, 2015
of the Condition and Affairs of the

HMO Partners, Inc

NAIC Group Code.....876, 876 (Current Period) (Prior Period)	NAIC Company Code..... 95442	Employer's ID Number..... 71-0747497
Organized under the Laws of Arkansas	State of Domicile or Port of Entry Arkansas	Country of Domicile US
Licensed as Business Type.....Health Maintenance Organization	Is HMO Federally Qualified? Yes [X] No []	
Incorporated/Organized..... November 8, 1993	Commenced Business..... January 1, 1994	
Statutory Home Office	320 West Capitol..... Little Rock AR US 72203-8069 (Street and Number) (City or Town, State, Country and Zip Code)	
Main Administrative Office	320 West Capitol..... Little Rock AR US 72203-8069 (Street and Number) (City or Town, State, Country and Zip Code)	501-221-1800 (Area Code) (Telephone Number)
Mail Address	320 West Capitol..... Little Rock AR US 72203-8069 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	601 S. Gaines..... Little Rock AR US 72201 (Street and Number) (City or Town, State, Country and Zip Code)	501-378-2000 (Area Code) (Telephone Number)
Internet Web Site Address	healthadvantage-hmo.com	
Statutory Statement Contact	Scott Bradley Winter (Name) sbwinter@arkbluecross.com (E-Mail Address)	501-399-3951 (Area Code) (Telephone Number) (Extension) 501-378-3258 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. John Charles Glassford Jr.	President/CEO	2. Gray Donald Dillard	Treasurer/CFO
3. Scott Bradley Winter	Assistant Treasurer	4. Kathleen O'Dea Ryan	Vice President

OTHER

James Sterling Adamson Jr. MD	Chairman	David Frank Bridges Jr.	Assistant Secretary
Russell Doyne Harrington Jr.	Secretary	Robert Cecil Roberts	Vice Chairman

DIRECTORS OR TRUSTEES

James Sterling Adamson Jr. MD	Sharon Kay Allen	James Robert Bailey	David Frank Bridges
Michael Wayne Brown	Richard Allen Calhoun Jr. MD	David Warren Cobb R.PH.	Jim Loyd English MD
John Charles Glassford Jr.	Richard Loyd Gore DDS	Merlin Moody Hagan	Russell Doyne Harrington Jr.
James Bruce Hazlewood MD	Thomas Matthew Kovaleski MD	Robert Cecil Roberts	Kathleen O'Dea Ryan
Sherman Ellis Tate	Robert Lee Trammel	Michael David Voss	Troy Russell Wells #
Paul Mark White	Nikita Jean Wilson RN		

State of..... Arkansas
County of..... Pulaski

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) John Charles Glassford Jr.	(Signature) Gray Donald Dillard	(Signature) Scott Bradley Winter
1. (Printed Name) President/CEO	2. (Printed Name) Treasurer/CFO	3. (Printed Name) Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This _____ day of _____ 2016	b. If no	1. State the amendment number _____
		2. Date filed _____
		3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	40,243,016		40,243,016	78,446,378
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	12,187,648		12,187,648	24,400,603
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....22,542,852, Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$.....15,658,557, Schedule DA).....	38,201,409		38,201,409	67,594,092
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	90,632,072	0	90,632,072	170,441,073
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	305,522		305,522	699,384
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....2,759,311) and contracts subject to redetermination (\$.....256,777).....	3,016,088	310,829	2,705,259	2,305,273
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	6,157		6,157	117,831
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	9,239,148	708,057	8,531,091	6,889,459
18.1 Current federal and foreign income tax recoverable and interest thereon.....	5,978,672		5,978,672	1,784,942
18.2 Net deferred tax asset.....	667,372	667,372	0	
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	
24. Health care (\$.....2,562,753) and other amounts receivable.....	3,899,800	1,337,047	2,562,753	1,559,512
25. Aggregate write-ins for other than invested assets.....	2,978,169	0	2,978,169	2,934,307
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	116,723,000	3,023,305	113,699,695	186,731,781
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	116,723,000	3,023,305	113,699,695	186,731,781

DETAILS OF WRITE-INS				
1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Supplemental Savings Plan.....	2,978,169		2,978,169	2,934,307
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,978,169	0	2,978,169	2,934,307

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....6,771,732 reinsurance ceded).....	21,105,913		21,105,913	17,983,967
2. Accrued medical incentive pool and bonus amounts.....	493,116		493,116	199,381
3. Unpaid claims adjustment expenses.....	348,093		348,093	318,656
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	610,050		610,050	484,468
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	3,162,194		3,162,194	3,353,580
9. General expenses due or accrued.....	3,981,014		3,981,014	5,295,558
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....	1,238,119		1,238,119	1,703,415
11. Ceded reinsurance premiums payable.....	187,565		187,565	197,384
12. Amounts withheld or retained for the account of others.....	4,987,024		4,987,024	5,895,217
13. Remittances and items not allocated.....	259,680		259,680	257,465
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	6,324,116		6,324,116	7,386,606
16. Derivatives.....			0	
17. Payable for securities.....			0	9,997,265
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....	12,914,050		12,914,050	13,085,204
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	1,357,139	0	1,357,139	1,152,585
24. Total liabilities (Lines 1 to 23).....	56,968,073	0	56,968,073	67,310,751
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	2,700,000	2,620,000
26. Common capital stock.....	XXX	XXX	10,000	10,000
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	1,919,153	1,919,153
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	52,102,470	114,871,877
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	56,731,623	119,421,030
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	113,699,696	186,731,781

DETAILS OF WRITE-INS

2301. Unclaimed property.....	175,517		175,517	177,727
2302. Miscellaneous payables.....	1,181,622		1,181,622	974,858
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,357,139	0	1,357,139	1,152,585
2501. 2016 ACA Insurer Fee estimate.....	XXX	XXX	2,700,000	2,620,000
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	XXX	XXX	2,700,000	2,620,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX.....	573,746.....	593,004.....
2. Net premium income (including \$.....0 non-health premium income).....	XXX.....	177,319,491.....	171,533,576.....
3. Change in unearned premium reserves and reserve for rate credits.....	XXX.....	.....	.....
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX.....	.....	.....
5. Risk revenue.....	XXX.....	.....	.....
6. Aggregate write-ins for other health care related revenues.....	XXX.....	0.....	0.....
7. Aggregate write-ins for other non-health revenues.....	XXX.....	0.....	0.....
8. Total revenues (Lines 2 to 7).....	XXX.....	177,319,491.....	171,533,576.....
Hospital and Medical:			
9. Hospital/medical benefits.....	.....	130,217,293.....	128,233,639.....
10. Other professional services.....	.....	.....	.....
11. Outside referrals.....	.....	3,308,981.....	3,003,949.....
12. Emergency room and out-of-area.....	.....	34,062,053.....	30,474,858.....
13. Prescription drugs.....	.....	55,572,867.....	52,500,732.....
14. Aggregate write-ins for other hospital and medical.....0	.....0	0.....	0.....
15. Incentive pool, withhold adjustments and bonus amounts.....	.....	(3,198,971).....	(5,053,738).....
16. Subtotal (Lines 9 to 15).....	0.....	219,962,223.....	209,159,440.....
Less:			
17. Net reinsurance recoveries.....	.....	73,192,424.....	66,464,082.....
18. Total hospital and medical (Lines 16 minus 17).....0	.....0	146,769,799.....	142,695,358.....
19. Non-health claims (net).....	.....	.....	.....
20. Claims adjustment expenses, including \$.....2,986,624 cost containment expenses.....	.....	4,942,930.....	3,895,178.....
21. General administrative expenses.....	.....	22,528,719.....	21,224,733.....
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	.....	.....	.....
23. Total underwriting deductions (Lines 18 through 22).....0	.....0	174,241,448.....	167,815,269.....
24. Net underwriting gain or (loss) (Lines 8 minus 23).....XXX.....	XXX.....	3,078,043.....	3,718,307.....
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	.....	1,695,090.....	2,254,360.....
26. Net realized capital gains or (losses) less capital gains tax of \$.....345,027.....	.....	999,813.....	(313,276).....
27. Net investment gains or (losses) (Lines 25 plus 26).....0	.....0	2,694,903.....	1,941,084.....
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	.....	.....	.....
29. Aggregate write-ins for other income or expenses.....0	.....0	443,669.....	358,252.....
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....XXX.....	XXX.....	6,216,615.....	6,017,643.....
31. Federal and foreign income taxes incurred.....XXX.....	XXX.....	1,461,243.....	2,934,614.....
32. Net income (loss) (Lines 30 minus 31).....XXX.....	XXX.....	4,755,372.....	3,083,029.....

DETAILS OF WRITE-INS

0601.	XXX.....	.....	.....
0602.	XXX.....	.....	.....
0603.	XXX.....	.....	.....
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX.....	0.....	0.....
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX.....	0.....	0.....
0701.	XXX.....	.....	.....
0702.	XXX.....	.....	.....
0703.	XXX.....	.....	.....
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX.....	0.....	0.....
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX.....	0.....	0.....
1401. ....	.....	.....	.....
1402. ....	.....	.....	.....
1403. ....	.....	.....	.....
1498. Summary of remaining write-ins for Line 14 from overflow page.....0	.....0	0.....	0.....
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....0	.....0	0.....	0.....
2901. Licensing fee income.....	.....	160,000.....	160,000.....
2902. Miscellaneous Income.....	.....	283,669.....	198,252.....
2903. ....	.....	.....	.....
2998. Summary of remaining write-ins for Line 29 from overflow page.....0	.....0	0.....	0.....
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....0	.....0	443,669.....	358,252.....

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	.....119,421,028	.....116,854,074
34. Net income or (loss) from Line 32.....	.....4,755,372	.....3,083,029
35. Change in valuation basis of aggregate policy and claim reserves.....	.....	.....
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	.....(3,199,043)	.....(154,397)
37. Change in net unrealized foreign exchange capital gain or (loss).....	.....171,334	.....(159,899)
38. Change in net deferred income tax.....	.....(1,174,553)	.....243,342
39. Change in nonadmitted assets.....	.....(1,674,810)	.....342,441
40. Change in unauthorized and certified reinsurance.....	.....	.....
41. Change in treasury stock.....	.....	.....
42. Change in surplus notes.....	.....	.....
43. Cumulative effect of changes in accounting principles.....	.....	.....
44. Capital changes:		
44.1 Paid in.....	.....	.....
44.2 Transferred from surplus (Stock Dividend).....	.....	.....
44.3 Transferred to surplus.....	.....	.....
45. Surplus adjustments:		
45.1 Paid in.....	.....	.....
45.2 Transferred to capital (Stock Dividend).....	.....	.....
45.3 Transferred from capital.....	.....	.....
46. Dividends to stockholders.....	.....(61,567,704)	.....(787,562)
47. Aggregate write-ins for gains or (losses) in surplus.....	.....0	.....0
48. Net change in capital and surplus (Lines 34 to 47).....	.....(62,689,404)	.....2,566,954
49. Capital and surplus end of reporting period (Line 33 plus 48).....	.....56,731,624	.....119,421,028

DETAILS OF WRITE-INS

4701. ....	.....	.....
4702. ....	.....	.....
4703. ....	.....	.....
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.....0	.....0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	.....0	.....0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	176,548,214	171,461,023
2. Net investment income.....	2,962,770	3,299,170
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	179,510,984	174,760,193
5. Benefit and loss related payments.....	145,188,279	140,170,974
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	30,492,995	14,435,488
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	6,000,000	3,750,000
10. Total (Lines 5 through 9).....	181,681,274	158,356,462
11. Net cash from operations (Line 4 minus Line 10).....	(2,170,291)	16,403,731
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	39,241,389	26,405,308
12.2 Stocks.....	10,061,672	1,306,561
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(1,278)	537
12.7 Miscellaneous proceeds.....		9,997,265
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	49,301,783	37,709,671
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,148,033	31,000,469
13.2 Stocks.....	716,375	669,943
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	9,997,265	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	12,861,673	31,670,412
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	36,440,110	6,039,259
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	61,567,704	787,562
16.6 Other cash provided (applied).....	(2,094,797)	404,238
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(63,662,501)	(383,324)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(29,392,681)	22,059,666
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	67,594,093	45,534,426
19.2 End of year (Line 18 plus Line 19.1).....	38,201,411	67,594,093
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plans	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income.....	177,319,491	177,319,491								
2. Change in unearned premium reserves and reserve for rate credit.....	0									
3. Fee-for-service (net of \$.00 medical expenses).....	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	177,319,491	177,319,491	0	0	0	0	0	0	0	0
8. Hospital/medical benefits.....	130,217,293	127,612,690					2,604,604			XXX
9. Other professional services.....	0									XXX
10. Outside referrals.....	3,308,981	3,308,981								XXX
11. Emergency room and out-of-area.....	34,062,053	34,062,053								XXX
12. Prescription drugs.....	55,572,867	55,308,396					264,471			XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	(3,198,971)	(3,198,971)								XXX
15. Subtotal (Lines 8 to 14).....	219,962,223	217,093,149	0	0	0	0	2,869,074	0	0	XXX
16. Net reinsurance recoveries.....	73,192,424	70,323,350					2,869,074			XXX
17. Total hospital and medical (Lines 15 minus 16).....	146,769,799	146,769,799	0	0	0	0	0	0	0	XXX
18. Non-health claims (net).....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.2,986,624 cost containment expenses.....	4,942,930	4,748,953							193,977	
20. General administrative expenses.....	22,528,719	21,715,810							812,909	
21. Increase in reserves for accident and health contracts.....	0									XXX
22. Increase in reserve for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22).....	174,241,448	173,234,562	0	0	0	0	0	0	1,006,886	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23).....	3,078,043	4,084,929	0	0	0	0	(0)	0	(1,006,886)	0

DETAILS OF WRITE-INS

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1.	Comprehensive (hospital and medical).....	264,079,942		86,760,451	177,319,491
2.	Medicare supplement.....				0
3.	Dental only.....				0
4.	Vision only.....				0
5.	Federal employees health benefits plan.....				0
6.	Title XVIII - Medicare.....	3,380,068		3,380,068	0
7.	Title XIX - Medicaid.....				0
8.	Other health.....				0
9.	Health subtotal (Lines 1 through 8).....	267,460,010	0	90,140,519	177,319,491
10.	Life.....				0
11.	Property/casualty.....				0
12.	Totals (Lines 9 to 11).....	267,460,010	0	90,140,519	177,319,491

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	221,170,812	218,319,504					2,851,308			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	72,415,084	69,563,776					2,851,308			
1.4 Net.....	148,755,728	148,755,728	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	(3,492,706)	(3,492,706)								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	27,877,646	27,426,084					451,562			
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	6,771,732	6,320,170					451,562			
3.4 Net.....	21,105,914	21,105,914	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	493,116	493,116								
6. Net healthcare receivables (a).....	2,020,578	2,020,578								
7. Amounts recoverable from reinsurers December 31, current year.....	6,157	6,157								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	23,866,687	23,565,227					301,460			
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	5,882,720	5,581,260					301,460			
8.4 Net.....	17,983,967	17,983,967	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	199,381	199,381								
11. Amounts recoverable from reinsurers December 31, prior year.....	117,831	117,831								
12. Incurred benefits:										
12.1 Direct.....	223,161,193	220,159,783	0	0	0	0	3,001,410	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	73,192,422	70,191,012	0	0	0	0	3,001,410	0	0	0
12.4 Net.....	149,968,771	149,968,771	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses.....	(3,198,971)	(3,198,971)	0	0	0	0	0	0	0	0

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	5,427,852	5,412,434					15,418			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	699,041	683,623					15,418			
1.4 Net.....	4,728,811	4,728,811	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	17,256,085	16,819,941					436,144			
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	6,072,691	5,636,547					436,144			
2.4 Net.....	11,183,394	11,183,394	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	5,193,709	5,193,709								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	5,193,709	5,193,709	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	27,877,646	27,426,084	0	0	0	0	451,562	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	6,771,732	6,320,170	0	0	0	0	451,562	0	0	0
4.4 Net.....	21,105,914	21,105,914	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	15,601,034	133,482,916	26,054	21,079,859	15,627,088	17,983,968
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	15,601,034	133,482,916	26,054	21,079,859	15,627,088	17,983,968
10. Healthcare receivables (a).....		2,237,127			0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	227,677	(3,720,383)		493,116	227,677	199,381
13. Totals (Lines 9 - 10 + 11 + 12).....	15,828,711	127,525,406	26,054	21,572,975	15,854,765	18,183,349

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	109,142	109,137			
2. 2011.....	98,986	117,202	117,288		
3. 2012.....	.XXX	109,242	122,334	12,227	
4. 2013.....	.XXX	.XXX	122,371	135,004	135,063
5. 2014.....	.XXX	.XXX	.XXX	133,238	148,802
6. 2015.....	.XXX	.XXX	.XXX	.XXX	133,661

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	108,424	109,137			
2. 2011.....	120,220	117,476	117,288		
3. 2012.....	.XXX	126,420	122,378	122,327	
4. 2013.....	.XXX	.XXX	138,270	135,104	135,063,189
5. 2014.....	.XXX	.XXX	.XXX	151,698	149,344,230
6. 2015.....	.XXX	.XXX	.XXX	.XXX	154,780,976

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011.....	143,846	117,288	4,052	3.5	121,340	84.4			121,340	84.4
2. 2012.....	143,207	122,327	3,654	3.0	125,981	88.0			125,981	88.0
3. 2013.....	153,894	134,987	3,436	2.5	138,423	89.9			138,423	89.9
4. 2014.....	171,533	133,056	3,895	2.9	136,951	79.8	26		136,977	79.9
5. 2015.....	177,319	133,661	4,943	3.7	138,604	78.2	21,573	348	160,525	90.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	109,142	109,137			
2. 2011.....	98,986	117,202	117,288		
3. 2012.....	XXX	109,242	122,334	12,227	
4. 2013.....	XXX	XXX	122,371	135,004	135,063
5. 2014.....	XXX	XXX	XXX	133,238	148,802
6. 2015.....	XXX	XXX	XXX	XXX	133,661

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	108,424	109,137			
2. 2011.....	120,220	117,476	117,288		
3. 2012.....	XXX	126,420	122,378	122,327	
4. 2013.....	XXX	XXX	138,270	135,104	135,063,189
5. 2014.....	XXX	XXX	XXX	151,698	149,344,230
6. 2015.....	XXX	XXX	XXX	XXX	154,780,976

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011.....	143,846	117,288	4,052	3.5	121,340	84.4			121,340	84.4
2. 2012.....	143,207	122,327	3,654	3.0	125,981	88.0			125,981	88.0
3. 2013.....	153,894	134,987	3,436	2.5	138,423	89.9			138,423	89.9
4. 2014.....	171,533	133,056	3,895	2.9	136,951	79.8	26		136,977	79.9
5. 2015.....	177,319	133,661	4,943	3.7	138,604	78.2	21,573	348	160,525	90.5

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	NONE				
2. 2011.....					
3. 2012.....		XXX			
4. 2013.....		XXX	XXX		
5. 2014.....		XXX	XXX	XXX	
6. 2015.....		XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior.....	NONE				
2. 2011.....					
3. 2012.....		XXX			
4. 2013.....		XXX	XXX		
5. 2014.....		XXX	XXX	XXX	
6. 2015.....		XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011.....					NONE	0.0			0	0.0
2. 2012.....				0.0		0.0			0	0.0
3. 2013.....				0.0		0.0			0	0.0
4. 2014.....				0.0		0.0			0	0.0
5. 2015.....				0.0		0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	610,050	610,050							
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	.0								
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	610,050	610,050	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded.....	.0								
8. Totals (net) (Page 3, Line 4).....	610,050	610,050	.0	.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims.....	.0								
10. Reserve for future contingent benefits.....	.0								
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0								
14. Totals (net) (Page 3, Line 7).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

DETAILS OF WRITE-INS

0501. ....	.0								
0502. ....	.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
			General Administrative Expenses	Investment Expenses	Total
1. Rent (\$.....0 for occupancy of own building).....	47,904	56,013	569,062		672,979
2. Salaries, wages and other benefits.....	5,009,947	2,289,929	23,229,622		30,529,498
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			7,573,925		7,573,925
4. Legal fees and expenses.....			42,362		42,362
5. Certifications and accreditation fees.....	1,074				1,074
6. Auditing, actuarial and other consulting services.....	16,173	8,414	1,420,865		1,445,452
7. Traveling expenses.....	100,555	8,545	382,091		491,191
8. Marketing and advertising.....	5,745	59	620,893		626,697
9. Postage, express and telephone.....	103,738	571,642	1,021,660		1,697,040
10. Printing and office supplies.....	73,058	40,010	373,026		486,094
11. Occupancy, depreciation and amortization.....	39,265	38,263	259,938		337,466
12. Equipment.....	25,465	31,972	402,692		460,129
13. Cost or depreciation of EDP equipment and software.....	291,734	228,065	3,528,556		4,048,355
14. Outsourced services including EDP, claims, and other services.....	1,463,717	(224,626)	1,047,241	168,013	2,454,345
15. Boards, bureaus and association fees.....	10,987	741	438,487		450,215
16. Insurance, except on real estate.....	124,348	9,202	97,693		231,243
17. Collection and bank service charges.....			217,510		217,510
18. Group service and administration fees.....	50,364	1,601,961			1,652,325
19. Reimbursements by uninsured plans.....	(1,568,080)	(1,001,908)	(10,770,177)		(13,340,165)
20. Reimbursements from fiscal intermediaries.....		29,187			29,187
21. Real estate expenses.....	69,903	66,573	555,848		692,324
22. Real estate taxes.....	5,377	6,677	47,727		59,781
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....		19,203	163,880		183,083
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....	6		59,493		59,499
23.4 Payroll taxes.....	267,837	131,062	1,124,032		1,522,931
23.5 Other (excluding federal income and real estate taxes).....	1,318	5,030	8,565,218		8,571,566
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	(3,153,811)	(1,959,708)	(18,442,925)	0	(23,556,444)
26. Total expenses incurred (Lines 1 to 25).....	2,986,624	1,956,306	22,528,719	168,013	(a) 27,639,662
27. Less expenses unpaid December 31, current year.....		348,093	3,981,014		4,329,107
28. Add expenses unpaid December 31, prior year.....		318,656	5,295,562		5,614,218
29. Amounts receivable relating to uninsured plans, prior year.....			40,174		40,174
30. Amounts receivable relating to uninsured plans, current year.....			32,812		32,812
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	2,986,624	1,926,869	23,835,905	168,013	28,917,411

DETAILS OF WRITE-INS

2501. Administrative Service Agreement.....			2,293,017		2,293,017
2502. Unpaid Claims Processing.....		57,618			57,618
2503. Ceded Administrative Expense.....	(3,158,725)	(2,018,234)	(21,695,345)		(26,872,304)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	4,914	908	959,403	0	965,225
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	(3,153,811)	(1,959,708)	(18,442,925)	0	(23,556,444)

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....131,578	.....81,851
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....1,562,914	.....1,233,303
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....524,683	.....504,135
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....32,297	.....43,814
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....2,251,472	.....1,863,103
11. Investment expenses.....		(g).....168,013
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....168,013
17. Net investment income (Line 10 minus Line 16).....		.....1,695,090

DETAILS OF WRITE-INS

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$....48,459 accrual of discount less \$....922,277 amortization of premium and less \$....12,777 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....9,114	.....	.....9,114	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....43,775	.....(600,468)	.....(556,693)	.....5,401	.....171,334
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....1,893,696	.....	.....1,893,696	.....(3,094,880)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(1,278)	.....	.....(1,278)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....(109,563)	.....0
10. Total capital gains (losses).....	.....1,945,308	.....(600,468)	.....1,344,840	.....(3,199,042)	.....171,334

DETAILS OF WRITE-INS

0901. SSP.....	.....	.....	.....0	.....(109,563)	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page..	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....(109,563)	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.....0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.....0
2.2 Common stocks.....			.....0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.....0
3.2 Other than first liens.....			.....0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.....0
4.2 Properties held for the production of income.....			.....0
4.3 Properties held for sale.....			.....0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.....0
6. Contract loans.....			.....0
7. Derivatives (Schedule DB).....			.....0
8. Other invested assets (Schedule BA).....			.....0
9. Receivables for securities.....			.....0
10. Securities lending reinvested collateral assets (Schedule DL).....			.....0
11. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.....0	.....0	.....0
13. Title plants (for Title insurers only).....			.....0
14. Investment income due and accrued.....			.....0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			.....0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	.....310,829	.....140,743	.....(170,086)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.....0
16.2 Funds held by or deposited with reinsured companies.....			.....0
16.3 Other amounts receivable under reinsurance contracts.....			.....0
17. Amounts receivable relating to uninsured plans.....	.....708,057	.....136,381	.....(571,676)
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.....0
18.2 Net deferred tax asset.....	.....667,372	.....676,918	.....9,546
19. Guaranty funds receivable or on deposit.....			.....0
20. Electronic data processing equipment and software.....			.....0
21. Furniture and equipment, including health care delivery assets.....			.....0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.....0
23. Receivables from parent, subsidiaries and affiliates.....			.....0
24. Health care and other amounts receivable.....	.....1,337,047	.....394,453	.....(942,594)
25. Aggregate write-ins for other than invested assets.....	.....0	.....0	.....0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....3,023,305	.....1,348,495	.....(1,674,810)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....3,023,305	.....1,348,495	.....(1,674,810)

DETAILS OF WRITE-INS

1101. ....			.....0
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0
2501. A/R Other.....			.....0
2502. ....			.....0
2503. ....			.....0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.....0	.....0	.....0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.....0	.....0	.....0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	.....5,322	.....5,389	.....5,258	.....5,219	.....5,225	.....63,419
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....	.....65,057	.....64,597	.....64,032	.....63,375	.....63,691	.....769,007
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	.....0	.....0	.....0	.....0	.....0	.....0
7. Total.....	.....70,379	.....69,986	.....69,290	.....68,594	.....68,916	.....832,426

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.....0	.....0	.....0	.....0	.....0	.....0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	.....0	.....0	.....0	.....0	.....0	.....0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the company are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department.

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

	State of Domicile	2015	2014
NET INCOME			
(1) HMO Partners, Inc state basis (Page 4, Line 32, Columns 2 &3)	AR	\$ 4,755,371	\$ 3,083,029
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	AR	\$ 4,755,371	\$ 3,083,029
SURPLUS			
(5) HMO Partners, Inc state basis (Page 3, line 33, Columns 3 & 4)	AR	\$ 56,731,623	\$ 119,421,030
(6) State Prescribed Practices that increase/decrease NAIC SAP			
(7) State Permitted Practices that increase/decrease NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	AR	\$ 56,731,623	\$ 119,421,030

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method.

(3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) The Company does not have preferred stock.

(5) The Company does not have mortgage loans.

(6) The Company does not have loan-backed securities.

(7) The Company does not have any investments in subsidiaries.

(8) The Company does not have any investments in joint ventures, partnerships, or limited liability companies.

(9) The Company does have any derivatives.

(10)The Company does not anticipate investment income as a factor in the premium deficiency calculation.

(11)Claims cost unpaid is the largest estimate for loss liabilities in the HMOP annual statement. The claims liability is set at the regional level, but there are reasonableness checks using a reserve set on an overall basis. When setting liability, the four methods described below are employed. Based on the estimates of these methods and retrospective considerations, the best estimate is set and then an explicit margin is added to ensure that the estimate is good and sufficient. Historically the method relied on the most is the Lag Method.

a. **Lag (Development) Method:** A claims triangle is constructed for each block of business. Based on the claims payment patterns, the last 3 months of data are completed manually by adjusting the completion factors. This, in turn, provides an estimate of incurred claims and incurred per member numbers. For the months prior to the most recent three, the completion factors used to complete the data are based on the historical claims payment patterns

b. **3 Month Average Method:** As the base liability estimate, the three month average liability of the third, fourth, and fifth month prior to the current month is used. Adjustments are made for trend, membership change, and backlog to get to the estimate

c. **IBNR Method:** As the base liability estimate, the liability from one year ago is used and trended forward with adjustments for trend, membership, and backlog.

d. **Aggregate Method:** Here, twelve months of paid claims are subtracted from 12 months of estimated incurred claims to get the liability estimate.

(12)The Company has not modified its capitalization policy from the prior period.

(13)Pharmacy rebate receivable estimates are based upon a history of rebates billed vs. paid pharmacy claims.
- 26

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. Effective January 1, 2001, the State of Arkansas adopted that insurance companies domiciled in the State of Arkansas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Arkansas insurance commissioner.

Accounting changes adopted to conform to the provisions of the *NAIC Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle.

There were no accounting changes or correction of errors from the prior period.

3. Business Combinations and Goodwill

- A. None
- B. None
- C. None
- D. None

4. Discontinued Operations

The Company had no discontinued operations as of December 31, 2015.

5. Investments

- A. The Company has no mortgage loans at this time.
- B. The Company has no debt restructuring at this time.
- C. The Company has no reverse mortgages at this time.
- D. The Company has no loan-backed securities at this time.
- E. The Company has no repurchase agreements or securities lending transactions at this time.
- F. The Company has no investments in real estate at this time.
- G. The Company has no investments in low-income housing tax credits

6. Joint Ventures, Partnerships, and Limited Liability Companies

- A. None
- B. None

7. Investment Income

- A. None
- B. None

8. Derivative Instruments

- A. None
- B. None
- C. None
- D. None
- E. None
- F. None

Note 9: Income Taxes

- The components of the net deferred tax asset/(liability) are as follows:
- A.

1.

	12/31/15		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total

NOTES TO FINANCIAL STATEMENTS

(a) Gross Deferred Tax Assets	1,612,950	94,608	1,707,558
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	1,612,950	94,608	1,707,558
(d) Deferred Tax Assets Nonadmitted	667,372	0	667,372
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	945,578	94,608	1,040,186
(f) Deferred Tax Liabilities	(33,072)	2,311,377	2,278,305
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	978,650	(2,216,769)	(1,238,119)

	12/31/14		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	1,546,598	1,344,348	2,890,946
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	1,546,598	1,344,348	2,890,946
(d) Deferred Tax Assets Nonadmitted	676,918	0	676,918
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	869,680	1,344,348	2,214,028
(f) Deferred Tax Liabilities	34,757	3,882,686	3,917,443
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	834,923	(2,538,339)	(1,703,416)

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
(a) Gross Deferred Tax Assets	66,352	(1,249,739)	(1,183,387)
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	66,352	(1,249,739)	(1,183,387)
(d) Deferred Tax Assets Nonadmitted	(9,546)	0	(9,546)
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	75,898	(1,249,739)	(1,173,841)
(f) Deferred Tax Liabilities	(67,829)	(1,571,309)	(1,639,138)
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	143,727	321,570	465,297

2.

12/31/15			
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	978,650	0	978,650
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	0	0	7,815,371
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(33,072)	94,608	61,537
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	945,578	94,608	1,040,186

12/31/14			
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	834,924	0	834,924
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0

NOTES TO FINANCIAL STATEMENTS

2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	0	0	16,648,763
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	34,757	1,344,348	1,379,105
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	869,681	1,344,348	2,214,029

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	143,726	0	143,726
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	0	0	0
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(67,829)	(1,249,740)	(1,317,568)
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	75,897	(1,249,740)	(1,173,843)

3.

	2015	2014
(a) Ratio Percentage used to determine Recovery Period and Threshold Limitation Amount	890%	1777%
(b) Amount of Adjusted Capital and Surplus used to determine Recovery Period and Threshold Limitation in 2(b)2 above	52,102,470	114,871,877

4.

	12/31/15		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Impact of Tax Planning Strategies			
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage	0%	0%	0%
1. Adjusted Gross DTAA Amount From Note 9A1(c)	0%	0%	0%
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0%	0%	0%
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%

	12/31/14		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Impact of Tax Planning Strategies			
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage	0%	0%	0%
1. Adjusted Gross DTAA Amount From Note 9A1(c)	0%	0%	0%
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0%	0%	0%
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

Change			
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
Impact of Tax Planning Strategies			
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage	0%	0%	0%
1. Adjusted Gross DTAA Amount From Note 9A1(c)	0%	0%	0%
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0%	0%	0%
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance?

Yes

No

X

B. Regarding deferred tax liabilities that are not recognized:
Not applicable

C. Current and deferred income taxes consist of the following major components

1. Current Income Tax:

	(1) 12/31/15	(2) 12/31/14	(3) (Col 1-2) Change
(a) Federal	1,454,941	2,939,241	(1,484,300)
(b) Foreign	-	-	-
(c) Subtotal	1,454,941	2,939,241	(1,484,300)
(d) Federal Income Tax on net capital gains	345,027	204,519	140,508
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	6,302	(4,627)	10,929
(g) Federal & Foreign income tax incurred	1,806,270	3,139,133	(1,332,863)

2. Deferred Tax Assets:

	(1) 12/31/15	(2) 12/31/14	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Discounting of unpaid losses	270,618	225,836	44,782
(2) Unearned premium reserves	221,354	234,724	(13,370)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred Acquisition Costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	882,086	987,625	(105,539)
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other	238,893	98,413	140,479
(99) Subtotal - Ordinary	1,612,950	1,546,598	66,352
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted - Ordinary	667,372	676,918	(9,546)

NOTES TO FINANCIAL STATEMENTS

(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	945,578	869,680	75,898
(e) Capital:	-	-	-
(1) Investments	94,608	1,344,348	(1,249,739)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other	-	-	-
(99) Subtotal - Capital	94,608	1,344,348	(1,249,739)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted - Capital	-	-	-
(h) Admitted capital deferred tax assets (2a99-2b-2c)	94,608	1,344,348	(1,249,739)
(i) Admitted deferred tax assets (2d + 2h)	1,040,186	2,214,028	(1,173,841)

3. Deferred Tax Liabilities:

	(1) 12/31/15	(2) 12/31/14	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Investments			
Accrued Dividends	4,609	13,442	(8,833)
Unrealized Gains/(Losses)-SSP	(37,680)	21,315	(58,995)
Total Investments	(33,072)	34,757	(67,829)
(2) Fixed Assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other	-	-	-
(99) Subtotal - Ordinary	(33,072)	34,757	(67,829)
(b) Capital:	-	-	-
(1) Investments	2,311,377	3,882,686	(1,571,309)
(2) Real estate	-	-	-
(3) Other	-	-	-
(99) Subtotal - Capital	2,311,377	3,882,686	(1,571,309)
(c) Deferred tax liabilities (3a99 + 3b99h)	2,278,305	3,917,443	(1,639,138)

4. Net Deferred Tax Assets/Liabilities (2i - 3c)

(1,238,119)

(1,703,416)

465,297

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	12/31/15	
	Amounts	Effective Tax Rate %
Provision computed at statutory rate	2,296,574	35.0%
Tax exempt income deduction	(668)	0.0%
Dividends received deduction	(83,127)	-1.3%
Tax differentials on foreign earnings	0	0.0%
Nondeductible expenses	798,852	12.2%
Tax Credits	(26,607)	-0.4%
Rate Differential	(53,723)	-0.8%
Other	49,523	0.8%

NOTES TO FINANCIAL STATEMENTS

Total	2,980,824	45.4%
Federal and foreign income taxes incurred	1,461,243	22.3%
Realized capital gains/(losses) tax	345,027	5.3%
Change in net deferred income taxes	1,174,554	17.9%
Total statutory income taxes	2,980,824	45.4%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. At the end of the current period the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The following is income tax expense for 2015 and 2014 that is available for recoupment in the event of future net losses.

Year	Amount
2015	1,713,534
2014	2,992,872

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. The Company does not file a Consolidated Federal Income Tax Return

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company was formed on January 1, 1994. The Company’s shareholders as of December 31, 2015 were Arkansas Blue Cross and Blue Shield (50%) and Baptist Medical System HMO, Inc. (50%). Effective October 1st, 2006, USAbile Corporation, a wholly owned subsidiary of Arkansas Blue Cross and Blue Shield (ABCBS), sold its ownership interest in HMO Partners, Inc. to ABCBS for \$27,143,396.

B. & C. The Company, d/b/a Health Advantage, serves as the Third Party Administrator for the self insured employee groups of ABCBS and Baptist Health. All receivables and payables dealing with their employee groups are classified under Uninsured Plans. At December 31, 2015, receivables of \$6,026,751 and \$1,208,666 were due respectively from Baptist Health and ABCBS. Payable balances of \$1,800,663.30 and \$961,360.91 are recorded respectively for Baptist Health and ABCBS. The Company paid dividends to Arkansas Blue and Blue Shield and BMS HMO on March 16, 2015, totaling \$166,852 to each and on December 15, 2015 totaling \$30,617,000 to each.

D. At December 31, 2015 the Company reported the following amounts due to Affiliates:

Arkansas Blue Cross and Blue Shield	\$6,224,702
USAbile Life	<u>99,515</u>
Total	\$6,324,217

E. N/A

F. The Company reimburses Arkansas Blue Cross and Blue Shield for various administrative, employee benefit and marketing shared expenses, which are provided to the Company. These expenses are allocated to the Company in accordance with generally accepted accounting principles. In addition, the Company leases office space from Arkansas Blue Cross and Blue Shield.

- G. N/A
- H. N/A
- I. N/A
- J. N/A
- K. N/A
- L. N/A
- M. N/A
- N. N/A

11. Debt

- A. As of December 31, 2015, the Company has no capital notes. As of December 31, 2015, the Company’s liability for borrowed money was zero (\$-0-).
- B. As of December 31, 2015, the Company has no FHLB agreements.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement

NOTES TO FINANCIAL STATEMENTS

Benefit Plans

A. Defined Benefit Plan

The Company no longer offers a defined benefit plan.

E. Defined Contribution Plan

The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 50% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu\$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu\$ portion of the plan. At the end of each calendar year, employess will receive and annual 401(k) Plu\$ contribution equal to a minimum of 2% of the employee’s annual earnings. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. For 2015, 3% has been used to calculate the Company’s contribution of \$824,302.27.

All funds under the 401(k) Plu\$ portions of the plan are held by an outside trustee.

F. Multiemployer Plans

The Company does not participate in multiemployer plans.

G. Consolidated/Holding Company Plans

The Company’s employees participate in the deferred compensation plans of the Company’s co-owner, Arkansas Blue Cross and Blue Shield.

H. Postemployment Benefits and Compensated Absences

The Company does not offer a postretirement benefit plan.

I. N/A

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganization

- 1) As of December 31, 2015, the Company had 1,000,000 common stock shares authorized, issued and outstanding at \$.01 par value.
- 2) The Company has no preferred stock outstanding.
- 3) Dividends are paid based on earned surplus and cannot fall below state net worth requirements.
- 4) Dividends on Company stock are paid as declared by its Board of Directors. Ordinary dividends were paid in the amount of \$333,704 on March 16, 2015 and on December 15, 2015 totaling \$61,234,000.
- 5) All unassigned surplus is being held for the stockholder.
- 6) As of December 31, 2015, the Company held no stock for special purposes such as employee stock options or conversion of preferred stock.
- 7) The Company does not have any advances to surplus.
- 8) N/A
- 9) The Company has no special surplus funds.
- 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 4,222,577.
- 11) The Company has no surplus notes.
- 12) The Company was not involved in a quasi-reorganization.
- 13) The Company was not involved in a quasi-reorganization.

14. Contingencies

- A. None
- B. None
- C. None
- D. None
- E. None
- F. None

The Company is not aware of any contingent liabilities as of December 31, 2015.

In the normal course of business, the Company is involved in litigation from time to time with claimants and others, a number of these were pending at December 31, 2015. In the opinion of the Company, the ultimate liability, if any, has been adequately provided for in the financial statements, and any excess liability would not have a material adverse financial effect upon the Company

15. Leases

- A. None
- B. None

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company does not have any off-balance sheet risk.

NOTES TO FINANCIAL STATEMENTS

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. None
- B. None
- C. None

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The gain (loss) from operations for uninsured accident and health plans was as follows during 2015:

	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Net Reimbursement for Administrative expenses (including administrative fees) in excess of actual expenses	(\$ 1,006,886)	\$-0-	(\$ 1,006,886)
Other Income	\$-0-	\$-0-	\$-0-
Net gain or (loss) from operations	(\$ 1,006,886)	\$-0-	(\$ 1,006,886)
Total claim payment volume	\$193,107,604	\$-0-	\$193,107,604

- B. None
- C. None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not currently have any direct premium written/produced by managing general agents/third party administrators.

20. Fair Value Measurement

A.

1. Fair Value Measurements at Reporting Date

Description	Level 1	Level 2	Level 3	Total
a. Assets at Fair Value				
Perpetual Preferred Stock	\$0	\$0	\$0	\$0
Industrial and Misc	\$0	\$0	\$0	\$0
Parent, Subsidiaries and Affiliates	\$0	\$0	\$0	\$0
Total Perpetual Preferred Stocks				
Bonds				
U.S. Governments				
Industrial and Misc				
Hybrid Securities				
Parent, Subsidiaries and Affiliates				
Total Bonds				
Common Stock				
Industrial and Misc	\$8,919,777	\$3,267,871	\$0	\$12,187,648
Parent, Subsidiaries and Affiliates	\$0	\$0	\$0	\$0
Supplemental Savings Plan	\$2,978,169	\$0	\$0	\$2,978,169
Total Common Stock				
Total Assets at Fair Value	\$11,897,946	\$3,267,871	\$0	\$15,165,817

Derivative Assets (none)

Liabilities (none)

2. The Company does not have fair value measures in Level 3.

3. The Company does not have any transfers between levels of fair value measurement.

4. As of December 31, 2015, the reported fair value of the reporting entities investments in Level 2 common stock was \$3,267,871. These securities are foreign common stock. To measure their fair value the reporting entity used current market prices in U.S. dollars.

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable Carrying Value
Bonds	\$ 55,901,573	\$ 55,901,573		\$ 55,901,573		
Common Stock	\$ 12,187,648	\$ 12,187,648	\$ 8,919,777	\$ 3,267,871		
Supplemental Savings Plan	\$ 2,978,169	\$ 2,978,169	\$ 2,978,169			
Total	\$ 71,067,390	\$ 71,067,390	\$ 11,897,946	\$ 59,169,444	\$0	\$0

NOTES TO FINANCIAL STATEMENTS

D. The Company does not have any of these securities at this time.

21. Other Items

- A. The Company had no unusual or infrequent items as of December 31, 2015.
- B. The Company had no troubled debt restructuring as of December 31, 2015.
- C. The Company has no other disclosures as of December 31, 2015.
- D. The Company has no uncollectible assets covered by SSAP No.6 as of December 31, 2015.
- E. The Company has no business interruption insurance recoveries.
- F. The Company has no state transferable tax credits
- G. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages. The Company’s exposure to sub-prime lending is limited to its ownership of the general obligation debt and/or equity securities of both governmental and commercial entities whose business activities include residential mortgage lending.
- H. The Company has no retained assets.

As of December 31, 2015 the Company held no debt securities described in the previous paragraph.

The market value of the Company’s investment in the equity securities of commercial enterprises that engage in residential mortgage lending accumulates to \$256,800. This represents 2.11% of the Company’s non related investments in equity securities of \$12,187,648.

22. Events Subsequent

Type II – Nonrecognized Subsequent Events

On Jan. 1, 2016, the Company will be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after Jan. 1 of the year the fee is due. As of Dec. 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on Sept. 30, 2016 to be \$2,700,000. This amount is reflected in special surplus. This assessment is expected to reduce risk based capital by 4.76%. Reporting the ACA assessment as of Dec. 31, 2015 would not have triggered and RBC action level.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act?	YES	
B. ACA fee assessment payable for the upcoming year	\$2,700,000	\$2,620,000
C. ACA fee assessment paid	\$2,643,551	\$2,046,301
D. Premium written subject to ACA 9010 assessment	\$177,319,491	\$171,533,577
E. Total Adjusted Capital before surplus adjustment	\$56,731,623	\$119,421,030
F. Total Adjusted Capital after surplus adjustment	\$54,031,623	\$116,801,030
G. Authorized Control Level	\$6,373,918	\$6,720,142
H. Would reporting the ACA assessment as of Dec 31, 2015 have triggered an RBC action level?	NO	

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

- 1.The Company had no non-affiliated reinsurers.
- 2. The Company had no reinsurer chartered outside the United States.

Section 2

- 1. The Company has no reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits.
- 2.The Company has no reinsurance agreements in effect such that the amount of losses paid or accrued may result in a payment to the reinsurer of amounts that exceed the premium collected.

Section 3

- 1. The estimated reduction in surplus if the reinsurance agreement was terminated would be \$-0-.
- 2. No new agreements have been executed since January 1, 2004.

NOTES TO FINANCIAL STATEMENTS

- B. The Company did not have any uncollectible reinsurance written off during the year.
- C. There was no commutation of reinsurance during the year.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The company estimates accrued retrospective premium adjustments for its group health insurance business though a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.

The company also has health insurance business that is subject to a medical loss ratio pursuant to the Public Health Service Act.

B. The company records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the company at December 31, 2015 that are subject to retrospective rating features was \$177,319,491 that represented 100% of the total net premium written. No other net premium written by the company are subject to retrospective rating features.

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.

		1	2	3	4	5
		Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year						
(1)	Medical loss ratio rebates incurred	\$	\$	\$	\$	\$
(2)	Medical loss ratio rebates paid					
(3)	Medical loss ratio rebates unpaid					
(4)	Plus reinsurance assumed amounts					
(5)	Less reinsurance ceded amounts					
(6)	Rebates unpaid net of reinsurance					
Current Reporting Year-to-Date						
(7)	Medical loss ratio rebates incurred	\$	\$	\$	\$	\$
(8)	Medical loss ratio rebates paid					
(9)	Medical loss ratio rebates unpaid					
(10)	Plus reinsurance assumed amounts					
(11)	Less reinsurance ceded amounts					
(12)	Rebates unpaid net of reinsurance					

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions
- YES

NOTES TO FINANCIAL STATEMENTS

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a.	Permanent ACA Risk Adjustment Program		AMOUNT
	Assets		
1.	Premium adjustments receivable due to ACA Risk Adjustment		404,538
Liabilities			
2.	Risk adjustment user fees payable for ACA Risk Adjustment		
3.	Premium adjustments payable due to ACA Risk Adjustment		
Operations (Revenue & Expenses)			
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment		493,185
5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)		828
b.	Transitional ACA Reinsurance Program		
	Assets		
	1.	Amounts recoverable for claims paid due to ACA Reinsurance	
	2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	
	3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
	Liabilities		
	4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	2,086,066
	5.	Ceded reinsurance premiums payable due to ACA Reinsurance	
	6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
	Operations (Revenue & Expenses)		
	7.	Ceded reinsurance premiums due to ACA Reinsurance	
	8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	
	9.	ACA Reinsurance contributions – not reported as ceded premium	2,086,066
c.	Temporary ACA Risk Corridors Program		
	Assets		
	1.	Accrued retrospective premium due to ACA Risk Corridors	
	Liabilities		
	2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	
	Operations (Revenue & Expenses)		
	3.	Effect of ACA Risk Corridors on net premium income (paid/received)	
	4.	Effect of ACA Risk Corridors on change in reserves for rate credits	

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
						1	2	3	4	5	6	7	8	9	10	11
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a.	Permanent ACA Risk Adjustment Program											
1.	Premium adjustments receivable	\$	\$	\$ 88,647	\$	\$ (88,647)	\$	\$	\$	A	\$ (88,647)	\$
2.	Premium adjustments (payable)									B		
3.	Subtotal ACA Permanent Risk Adjustment Program	\$	\$	\$ 88,647	\$	\$ (88,647)	\$	\$	\$		\$ (88,647)	\$
b.	Transitional ACA Reinsurance Program											
1.	Amounts recoverable for claims paid	\$	\$	\$	\$	\$	\$	\$	\$	C	\$	\$
2.	Amounts recoverable for claims unpaid (contra liability)									D		
3.	Amounts receivable relating to uninsured plans									E		
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums		(3,105,912)		(3,105,912)					F		
5.	Ceded reinsurance premiums payable									G		
6.	Liability for amounts held under uninsured plans									H		
7.	Subtotal ACA Transitional Reinsurance Program	\$	\$ (3,105,912)	\$	\$ (3,105,912)	\$	\$	\$	\$		\$	\$

Explanations of Adjustments

- A.
- B.
- C.
- D.

NOTES TO FINANCIAL STATEMENTS

E.
F.
G.
H.
I.
J.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2014 were \$17,983,968. As of December 31, 2015, \$15,601,034 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$26,054 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on all lines of insurance. Therefore, there has been a \$2,356,880 (favorable) prior year development since December 31, 2014 to December 31, 2015. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

- A. None
- B. None
- C. None
- D. None
- E. None
- F. None
- G. None

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables

A. The Company, in accordance with SSAP No. 84, has estimated pharmaceutical rebate receivables recorded on its financial statements. In determining its estimate, the Company utilizes historical information relative to pharmaceutical rebates received as well as considering contractual changes in rebate amounts and changes in membership. While the Company records the total estimated pharmaceutical rebate receivable, it only admits as an asset the estimate for the last quarter of the reporting date. The detail of the estimated amounts on the financial statements and the related collections are as follows:

Qtr	Est Rebates on F/S	Rebates as Billed Or Confirmed	---Rebates collected within days of billing---		
			0-90	91-180	over 180
12/31/2015	\$1,984,106	\$1,984,106	\$0	\$0	\$0
09/30/2015	\$1,915,816	\$1,984,106	\$1,723,975	\$0	\$0
06/30/2015	\$1,693,549	\$1,839,184	\$914,328	\$0	\$0
03/31/2015	\$972,913	\$1,693,546	\$0	\$0	\$1,658,532
12/31/2014	\$920,222	\$972,913	\$0	\$0	\$1,000,708
09/30/2014	\$698,960	\$1,048,197	\$911,086	\$0	(\$30,512)
06/30/2014	\$660,052	\$688,702	\$0	\$667,031	\$0
03/31/2014	\$695,374	\$646,270	\$0	\$646,270	\$0
12/31/2013	\$728,954	\$686,229	\$4,275	\$580,538	\$94,127
09/30/2013	\$655,485	\$658,825	\$33,601	\$621,401	\$0
06/30/2013	\$649,272	\$683,475	\$87,560	\$663,471	\$4,360
03/31/2013	\$627,852	\$640,866	\$0	\$491,380	\$102,001

B. The Company has no risk sharing receivables.

29. Participating Policies

The Company has no participating contracts.

- A. None
- B. None
- C. None
- D. None

30. Premium Deficiency Reserves

The Company has no premium deficiency reserves.

31. Anticipated Salvage and Subrogation

The Company has no estimates of anticipated salvage and subrogation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State regulating? Arkansas

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2014

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity.
This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2011

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/08/2013

3.4

By what department or departments?
Arkansas Insurance Department

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board?

Yes [] No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BKD, LLP Little Rock, Arkansas

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []

10.6

If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Samuel Vorderstrasse, Employee of Arkansas Blue Cross and Blue Shield
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes ☐ No ☒

12.11

Name of real estate holding company

12.12

Number of parcels involved

0

12.13

Total book/adjusted carrying value

\$0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes ☐ No ☐
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes ☐ No ☐
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes ☐ No ☐ N/A ☒
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes ☒ No ☐

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is no, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes ☐ No ☒
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ☐ No ☒
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes ☐ No ☒
- 15.2

If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?

Yes ☒ No ☐
17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors an all subordinator committees thereof?

Yes ☒ No ☐
18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes ☒ No ☐

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes ☐ No ☒
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$0

20.12

To stockholders not officers

\$0

20.13

Trustees, supreme or grand (Fraternal only)

\$0
- 20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$0

20.22

To stockholders not officers

\$0

20.23

Trustees, supreme or grand (Fraternal only)

\$0
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement?

Yes ☐ No ☒
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

\$0

21.22

Borrowed from others

\$0

21.23

Leased from others

\$0

21.24

Other

\$0
- 22.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes ☐ No ☒
- 22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$0

22.22

Amount paid as expenses

\$0

22.23

Other amounts paid

\$0
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☐ No ☒
- 23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01

Were all of the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes ☒ No ☐

24.02

If no, give full and complete information, relating thereto:

24.03

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04

Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*?

Yes ☐ No ☐ N/A ☒

24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$0

24.06

If answer to 24.04 is no, report amount of collateral for other programs

\$0

24.07

Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes ☐ No ☐ N/A ☒

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☐ No ☐ N/A ☒

24.09

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes ☐ No ☐ N/A ☒

24.10

For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.102

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:

\$0

24.103

Total payable for securities lending reported on the liability page:

\$0

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)

Yes ☒ No ☐

25.2

If yes, state the amount thereof at December of the current year:

25.21

Subject to repurchase agreements

\$0

25.22

Subject to reverse repurchase agreements

\$0

25.23

Subject to dollar repurchase agreements

\$0

25.24

Subject to reverse dollar repurchase agreements

\$0

25.25

Placed under option agreements

\$0

25.26

Letter stock or securities restricted as sale – excluding FHLB Capital Stock

\$0

25.27

FHLB Capital Stock

\$0

25.28

On deposit with states

\$0

25.29

On deposit with other regulatory bodies

\$300,000

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$0

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$0

25.32

Other

\$0

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes ☐ No ☐ N/A ☒

27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes ☐ No ☒

27.2

If yes, state the amount thereof at December of the current year:

\$0

28.

Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes ☒ No ☐

28.01

For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
US Bank Institutional Trust and Custody	St. Louis, MO

28.02

For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes ☐ No ☒

28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05

Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
116359	Foundation Resource Management	Little Rock, AR

29.1

Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes ☐ No ☒

29.2

If yes, complete the following schedule:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holdings	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	55,901,573	55,728,667	(172,905)
30.2	Preferred Stocks	0	0	0
30.3	Totals	55,901,573	55,728,667	(172,905)

30.4 Describe the sources or methods utilized in determining fair values:

Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2206 Valuation of Securities database, or from market prices provided by US Bank Institutional Trust & Custody, custodian for investment assets, for issues which were not priced by NAIC at year-end

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 362,251

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
BlueCrossBlueShield Association	\$ 280,228

34.1 Amount of payments for legal expenses, if any? \$ 204,846

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Foley & Lardner LLP	\$ 186,589

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 120,244

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
BlueCrossBlueShield Association	\$ 44,301

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [☐]

No [☒ X]

1.2

If yes, indicate premium earned on U.S. business only.

\$

0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

0

1.31

Reason for excluding:

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2 above.

\$

0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

\$

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

\$

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

\$

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

\$

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

177,319,491

\$

171,533,576

2.2

Premium Denominator

\$

177,319,491

\$

171,533,576

2.3

Premium Ratio (2.1/2.2)

\$

100.000

\$

100.000

2.4

Reserve Numerator

\$

21,599,029

\$

18,183,348

2.5

Reserve Denominator

\$

22,209,079

\$

18,667,816

2.6

Reserve Ratio (2.4/2.5)

\$

97.253

\$

97.405

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [☐]

No [☐ X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [☒ X]

No [☐]

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [☐]

No [☒ X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [☒ X]

No [☐]

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

0

5.32

Medical Only

\$

0

5.33

Medicare Supplement

\$

0

5.34

Dental and Vision

\$

0

5.35

Other Limited Benefit Plan

\$

0

5.36

Other

\$

0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [☒ X]

No [☐]

7.2

If no, give details

28

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

14,119

8.2

Number of providers at end of reporting year

15,261

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes []No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees with rate guarantees between 15-36 months

\$0

9.22

Business with rate guarantees over 36 months

\$0

10.1

Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X]No []

10.2

If yes:

10.21

Maximum amount payable bonuses

\$493,116

10.22

Amount actually paid for year bonuses

\$979,265

10.23

Maximum amount payable withholds

\$5,193,709

10.24

Amount actually paid for year withholds

\$4,155,696

11.1

Is the reporting entity organized as:

11.12

A Medical Group/Staff Model,

Yes []No [X]

11.13

An Individual Practice Association (IPA), or,

Yes []No [X]

11.14

A Mixed Model (combination of above)?

Yes [X]No []

11.2

Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X]No []

11.3

If yes, show the name of the state requiring such minimum capital and surplus.

Arkansas

11.4

If yes, show the amount required.

\$100,000

11.5

Is this amount included as part of a contingency reserve in stockholder’s equity?

Yes []No [X]

11.6

If the amount is calculated, show the calculation

12.

List service areas in which reporting entity is licensed to operate:

1

Name of Service Area

Arkansas

13.1

Do you act as a custodian for health savings accounts?

Yes []No [X]

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$0

13.3

Do you act as an administrator for health savings accounts?

Yes []No [X]

13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$0

14.1

Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers?

Yes []No []N/A [X]

14.2

If the answer to 14.1 is yes, please provide the following:

1

2

3

4

Assets Supporting Reserve Credit

5

6

7

Company Name

NAIC Company Code

Domiciliary Jurisdiction

Reserve Credit

Letters of Credit

Trust Agreements

Other

0

\$

\$

\$

\$

15.

Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1

Direct Premium Written

\$0

15.2

Total Incurred Claims

\$0

15.3

Number of Covered Lives

0

*Ordinary Life Insurance Includes

Term (whether full underwriting, limited underwriting, jet issue, "short form app")

Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")

Variable Life (with or without secondary guarantee)

Universal Life (with or without secondary guarantee)

Variable Universal Life (with or without secondary guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	113,699,695	186,731,781	157,233,564	148,037,295	146,008,992
2. Total liabilities (Page 3, Line 24).....	56,968,073	67,310,751	40,379,488	38,695,687	44,004,465
3. Statutory minimum capital and surplus requirement.....	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 33).....	56,731,623	119,421,030	116,854,076	109,341,608	102,004,527
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	177,319,491	171,533,576	153,817,848	143,168,298	143,801,757
6. Total medical and hospital expenses (Line 18).....	146,769,799	142,695,358	128,398,920	118,154,729	115,698,129
7. Claims adjustment expenses (Line 20).....	4,942,930	3,895,178	2,835,867	3,782,929	4,065,181
8. Total administrative expenses (Line 21).....	22,528,719	21,224,733	15,135,044	12,944,562	14,033,271
9. Net underwriting gain (loss) (Line 24).....	3,078,043	3,718,307	7,448,017	8,286,078	10,005,176
10. Net investment gain (loss) (Line 27).....	2,694,903	1,941,084	3,089,668	3,128,754	2,927,845
11. Total other income (Lines 28 plus 29).....	443,669	358,252	392,805	711,900	257,780
12. Net income or (loss) (Line 32).....	4,755,372	3,083,029	7,525,873	8,379,607	8,717,095
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	(2,170,291)	16,403,731	5,804,393	18,710,956	(6,029,880)
Risk-Based Capital Analysis					
14. Total adjusted capital.....	56,731,623	119,421,030	116,854,076	109,341,608	102,004,527
15. Authorized control level risk-based capital.....	6,373,918	6,720,142	6,178,326	5,606,328	5,513,091
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	68,916	70,379	71,911	66,765	67,167
17. Total member months (Column 6, Line 7).....	832,426	846,998	839,039	786,927	795,988
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	82.8	83.2	83.5	82.5	80.5
20. Cost containment expenses.....	1.7	1.4	1.6	1.4	1.7
21. Other claims adjustment expenses.....	1.1	0.9	0.2	1.2	1.2
22. Total underwriting deductions (Line 23).....	98.3	97.8	95.2	94.2	93.0
23. Total underwriting gain (loss) (Line 24).....	1.7	2.2	4.8	5.8	7.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	15,854,765	12,168,337	12,596,636	17,671,744	16,593,569
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	18,183,349	15,317,208	16,639,178	20,416,211	20,513,702
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			Direct Business Only								
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama.....AL	...N.....								.....0	
2.	Alaska.....AK	...N.....								.....0	
3.	Arizona.....AZ	...N.....								.....0	
4.	Arkansas.....AR	...L.....	261,999,388	3,380,068						265,379,456	
5.	California.....CA	...N.....								.....0	
6.	Colorado.....CO	...N.....								.....0	
7.	Connecticut.....CT	...N.....								.....0	
8.	Delaware.....DE	...N.....								.....0	
9.	District of Columbia.....DC	...N.....								.....0	
10.	Florida.....FL	...N.....								.....0	
11.	Georgia.....GA	...N.....								.....0	
12.	Hawaii.....HI	...N.....								.....0	
13.	Idaho.....ID	...N.....								.....0	
14.	Illinois.....IL	...N.....								.....0	
15.	Indiana.....IN	...N.....								.....0	
16.	Iowa.....IA	...N.....								.....0	
17.	Kansas.....KS	...N.....								.....0	
18.	Kentucky.....KY	...N.....								.....0	
19.	Louisiana.....LA	...N.....								.....0	
20.	Maine.....ME	...N.....								.....0	
21.	Maryland.....MD	...N.....								.....0	
22.	Massachusetts.....MA	...N.....								.....0	
23.	Michigan.....MI	...N.....								.....0	
24.	Minnesota.....MN	...N.....								.....0	
25.	Mississippi.....MS	...N.....								.....0	
26.	Missouri.....MO	...N.....								.....0	
27.	Montana.....MT	...N.....								.....0	
28.	Nebraska.....NE	...N.....								.....0	
29.	Nevada.....NV	...N.....								.....0	
30.	New Hampshire.....NH	...N.....								.....0	
31.	New Jersey.....NJ	...N.....								.....0	
32.	New Mexico.....NM	...N.....								.....0	
33.	New York.....NY	...N.....								.....0	
34.	North Carolina.....NC	...N.....								.....0	
35.	North Dakota.....ND	...N.....								.....0	
36.	Ohio.....OH	...N.....								.....0	
37.	Oklahoma.....OK	...N.....								.....0	
38.	Oregon.....OR	...N.....								.....0	
39.	Pennsylvania.....PA	...N.....								.....0	
40.	Rhode Island.....RI	...N.....								.....0	
41.	South Carolina.....SC	...N.....								.....0	
42.	South Dakota.....SD	...N.....								.....0	
43.	Tennessee.....TN	...N.....								.....0	
44.	Texas.....TX	...N.....								.....0	
45.	Utah.....UT	...N.....								.....0	
46.	Vermont.....VT	...N.....								.....0	
47.	Virginia.....VA	...N.....								.....0	
48.	Washington.....WA	...N.....								.....0	
49.	West Virginia.....WV	...N.....								.....0	
50.	Wisconsin.....WI	...N.....								.....0	
51.	Wyoming.....WY	...N.....								.....0	
52.	American Samoa.....AS	...N.....								.....0	
53.	Guam.....GU	...N.....								.....0	
54.	Puerto Rico.....PR	...N.....								.....0	
55.	U.S. Virgin Islands.....VI	...N.....								.....0	
56.	Northern Mariana Islands.....MP	...N.....								.....0	
57.	Canada.....CAN	...N.....								.....0	
58.	Aggregate Other alien.....OT	...XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Subtotal.....	...XXX.....	261,999,388	3,380,068	.....0	.....0	.....0	.....0	.....0	265,379,456	.....0
60.	Reporting entity contributions for Employee Benefit Plans.....	...XXX.....	2,080,554							2,080,554	
61.	Total (Direct Business).....	(a).....1	264,079,942	3,380,068	.....0	.....0	.....0	.....0	.....0	267,460,010	.....0

DETAILS OF WRITE-INS

58001. ....							.....0	
58002. ....							.....0	
58003. ....							.....0	
58998. Summary of remaining write-ins for line 58.....		.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Total (Lines 58001 thru 58003 + 58998).....		.....0	.....0	.....0	.....0	.....0	.....0	.....0

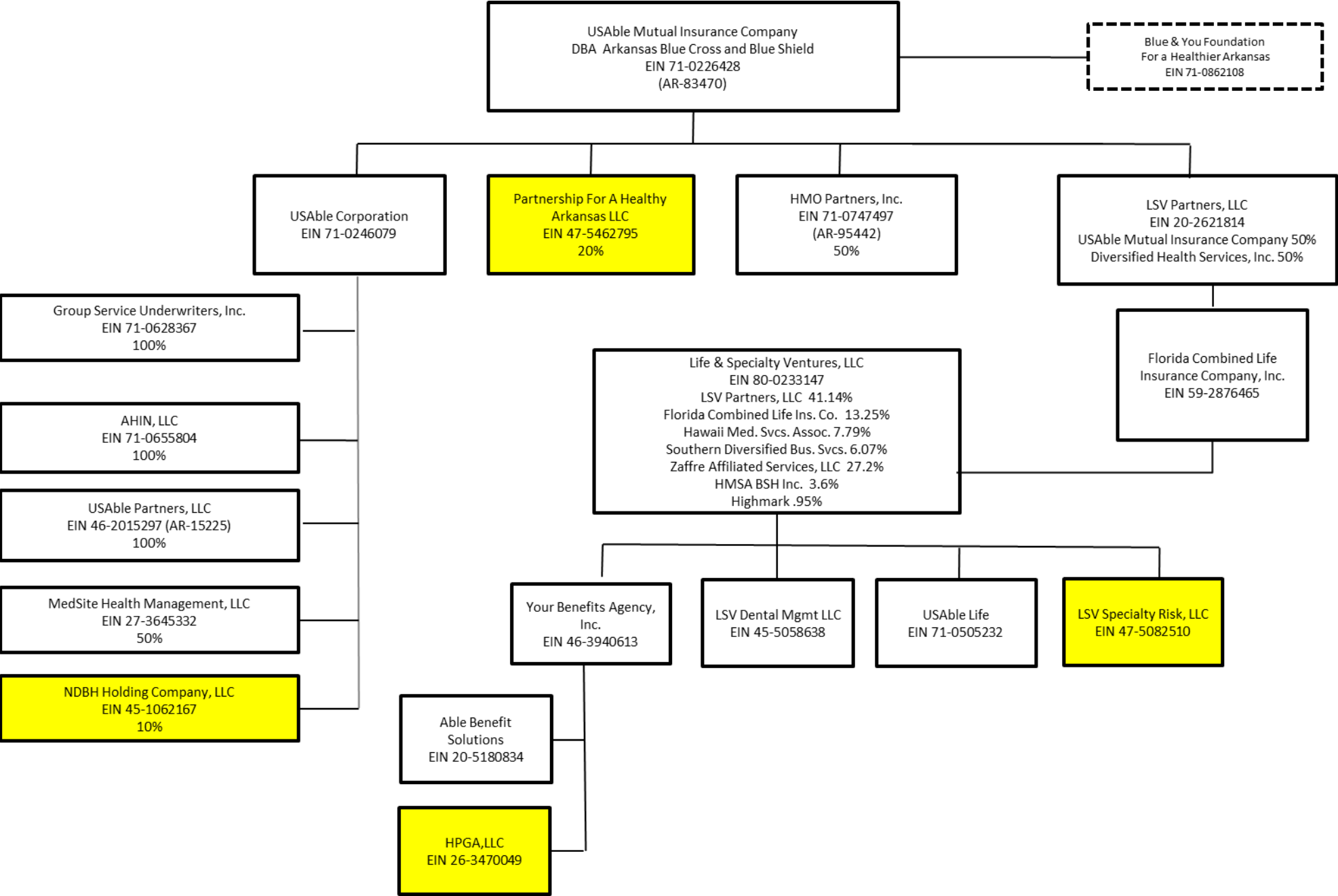
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

40



2015 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 2	E16
Assets	2	Schedule D – Summary By Country	SI04
Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A – Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB – Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL – Part 1	E24
Five-Year Historical Data	29	Schedule DL – Part 2	E25
General Interrogatories	27	Schedule E – Part 1 – Cash	E26
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E27
Liabilities, Capital and Surplus	3	Schedule E – Part 3 – Special Deposits	E28
Notes To Financial Statements	26	Schedule E – Verification Between Years	SI15
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	38
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	39
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14